



# **STUDY ON THE CRITICAL FACTORS INFLUENCING THE FLEXIBLE PACKAGING MATERIAL PRICES IN THE SRI LANKAN INDUSTRY**

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## Abstract

The liberalized market economy introduced by the Sri Lankan government in 1977, increased competition in the local market, resulting in a high demand for the quality packs on for most consumer product. The quantum leap in packaging development owes itself to the high demand created by the above reason. The growth of packaging industry also is direct reactive response to the same. High cost of packaging and its frequent changes has become one of the main barriers for Sri Lankan manufactures to be competitive. The parameters in the macro environment are continuously subject to change and have to a greater extended, have an effect on the cost & quality of the Sri Lankan product. Identifying the factors which influence cost with their degree of influence & and effectively managing them will help to control the cost of the final packaging material.

Rigid plastic, flexible plastic and paper & paper board packaging material prices have been governed by their direct raw material component & they are all imported materials. Local value addition costs including labour, energy & other overheads together contribute around 30 to 40%. During the last three years price changes of final packaging material is mainly coursed by the fluctuation of cost of raw material, labour & electricity. Economic factors such as parity, crude oil prices & inflation too have influence the cost of packaging marital but indirectly through the plastic raw material component.